(c) and (d) The Government have approved on 24th April 2002, a New Industrial Policy and other concessions which include, *inter-alia*, extension of Excise duty exemption and setting up of Jammu and Kashmir Development Finance Corporation, etc., for implementation in the State of Jammu and Kashmir.

Reduction in deposit rates of banks

5034. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether with a substantial increase in bank deposit on the one hand and a decline in credit offtake on the other, banks are left with no option but to reduce the deposit rates;

(b) if so, whether the RBI is also going to reduce the interest rate on its relief bonds;

(c) if so, whether any guidelines in this regard have been issued to the banks by the Government; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Reserve Bank of India (RBI) has reported that in view of the comfortable liquidity conditions, both deposit and lending rates of commercial banks had softened in the recent period.

(b) to (d) Government of India *vide* Gazette notification issued on 28.2.2002 have reduced rates of interest on Relief Bonds from 8.5% to 8% per annum with effect from 1st March 2002. The post maturity interest on Relief Bonds of earlier series has also been reduced to 8%.

Small savings scheme for pensioners

5035. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to announce a special small savings scheme for the benefit of pensioners;

(b) if so, the details thereof and if not, the reasons therefor; and

(c) the steps proposed to be taken to offer relief to the pensioners to compensate for the exemptions withdrawn in the 2002-2003 budget?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) There is no proposal under

consideration of the Government for introduction of any new small savings scheme.

The Government has since notified that the ceiling of Rs. two lakh per annum per investor for investments in "8% Relief Bonds, 2002" will not apply to investments by retiring employees, including those in the Private Sector, out of their retirement benefits. The entitlement for investment of retirement/ terminal benefits will be in addition to the annual limit of Rs. 2 lakh per investor otherwise available for investment. It has also been decided that any other savings attributable to employment can be invested by retiring/retired employees in Relief Bonds without any ceiling.

TDS for Senior Citizens

5036. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Senior Citizens may not escape TDS" appearing in the Economic Times dated 25th April, 2002;

(b) if so, the details thereof and Government's reaction thereto;

(c) the reasons for putting such a stringent condition on the senior citizens already hit by the cut in the interest rates on small savings; and

(d) the steps, if any, proposed to be taken to provide them some relief?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes Sir. The Government are aware of the issues raised in the news-item appearing in Economic Times dated 25th April, 2002.

(b) The news-item raises the issue of liability for Tax Deduction at Source (TDS) on incomes received by way of dividend, payments of deposits under National Saving Schemes etc. incomes from interest on Securities and interest other than "interest on securities" and units as per the amendments proposed in the Finance Act, 2002.

The reaction of the Government is that the proposed amendments are intended to apply TDS where the total of incomes mentioned above exceeds the basic exemption limit, as in such cases, the investors would be required by law to file return of income showing such incomes.

(c) The condition is not stringent but is only intended to bring under tax-net such investors, whose income from such sources, as mentioned in Para (b)